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**MEMORANDUM  
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FROM: Ernest G. Johnson  
Director  
Utilities Division

2009 FEB 11 A 8:46

Arizona Corporation Commission

**DOCKETED**

FEB 11 2009

DATE: February 11, 2009

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RE: IN THE MATTER OF THE APPLICATION OF PRIMUS  
TELECOMMUNICATIONS, INC. NOTIFICATION OF PRO FORMA  
TRANSFER OF CONTROL FOR PRIMUS TELECOMMUNICATIONS, INC.  
AND LEAST COST ROUTING, INC. (DOCKET NOS. T-03243A-07-0666  
AND T-03602A-07-0666)

**Introduction**

On November 29, 2007, Primus Telecommunications, Inc. ("PTI") and Least Cost Routing, Inc. ("LCR") notified the Commission of a proposed internal reorganization whereby LCR, an interexchange carrier and affiliate of PTI, will merge with and into PTI, with PTI surviving. Following the reorganization, LCR will cease to exist and PTI will assume LCR's operations. The proposed reorganization involves no change in the ultimate ownership or control of PTI's operations. LCR's customers will continue to receive the same services that they currently receive without any immediate changes to the service offerings, rates, or terms and conditions.

**Background**

PTI and LCR in their Joint Application represent the following:

PTI is a corporation organized pursuant to the laws of the State of Delaware and maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102.

PTI is a wholly owned subsidiary of Primus Telecommunications Holdings, Inc. ("PTHI") which in turn is a wholly owned subsidiary of Primus Telecommunications Group, Incorporated ("PTGI"), a Delaware Corporation that is publicly traded over the counter under the symbol "OTCBB:PRTL." Neither PTHI nor PTGI hold any regulatory license from this or any other regulatory commission.

PTI is authorized to provide interexchange telecommunications services in 50 states and the District of Columbia pursuant to certification, registration or tariff requirements, or on a deregulated basis. In addition, PTI holds competitive local exchange carrier authority in 8 states and the Commonwealth of Puerto Rico. PTI is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international services as a non-dominant carrier.

PTI is authorized to provide interexchange telecommunications services in Arizona pursuant to Decision No. 63529, dated March 30, 2001.

LCR is a Florida corporation that maintains its principal offices at 7901 Jones Branch Drive, Suite 900, McLean, Virginia 22102. LCR is authorized to provide interexchange services in numerous states throughout the continental United States and is authorized by the FCC to provide interstate and international services as a non-dominant carrier. LCR is a wholly owned subsidiary of TresCom International, Inc. ("TresCom"), a Florida corporation with the sole purpose of serving as a telecommunications holding company. TresCom, in turn, is wholly owned by PTHI.

LCR is authorized to provide interexchange telecommunications services in Arizona pursuant to Decision No. 64043, dated September 18, 2001.

### **Discussion and Analysis**

PTI and LCR each had less than \$1 million in jurisdictional revenues in 2006, and therefore, the Arizona Affiliated Interest Rules, A.A.C. R12-2-801 to R12-2-806, requiring utilities with greater than \$1 million in jurisdictional revenues to obtain prior approval for a reorganization transaction, do not apply.

This transaction, however, will result in the cessation of LCR requiring the review of proposed cancellation of LCR's Certificate of Convenience and Necessity ("CC&N") under A.A.C R14-2-1107. Accordingly, the Applicants were asked via Staff's Data Request to provide evidence of compliance with A.A.C R14-2-1107(A) and 1107(B).

Staff has determined the following:

1. 16 end-users will be impacted by the proposed reorganization.
2. In their application, the Applicants provided a copy of a Sample Customer Notice that they proposed to provide to customers informing them of the proposed transaction and their service alternatives. PTI also provided Staff with a copy of the actual customer notice sent November 21, 2007.
3. In its response to Staff Data Request STF 1.5, PTI acknowledged its responsibility to pay any carrier-change charge assessed as a result of the proposed transfer, including a transfer to another carrier.
4. The Applicants provided a copy of the legal notice as required by A.A.C. R14-02-1107 (B).

Staff is not aware of any parties that have intervened or filed comments objecting to the proposed transaction.

### **Recommendations**

Staff believes the Commission's approval of this transaction should be conditioned on the following:

1. That as a compliance filing PTI provide Staff with a copy of all information sent to existing LCR customers of record at the time of a decision in this matter, as stated above, and indicate the number of customers to whom such information was issued.
2. That PTI not charge LCR customers a carrier-change charge to have their presubscribed carrier selection changed from LCR to PTI.
3. That PTI reimburse customers for any carrier-change charges levied for moving to an interexchange provider other than PTI.
4. That LCR's CC&N approved in Decision No. 64043 on September 18, 2001 be cancelled. Upon cancellation of its CC&N, LCR will no longer be authorized to provide telecommunications service in Arizona and therefore, will not be subject to the requirements of Decision No. 64043. Finally, Staff further recommends that LCR's tariff be cancelled at the time that its CC&N is cancelled by the Commission.

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ORIGINATOR: Armando F. Fimbres

Service List for: Primus Telecommunications, Inc.  
Docket No. T-03243A-07-0666 et al

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